

# Annual Report 2002 of the Environmental Finance Center Network

Environmental Finance Center Network

2002 Annual Report

## EFC at the University of Maryland

### The University of Maryland EFC focuses Watershed issues, especially in the Chesapeake Bay

The Environmental Finance Center at the University of Maryland, provides communities with tools and information needed to manage change for a cleaner environment and an enhanced quality of life. In our efforts to encourage communities to make informed choices related to the protection of the environment, especially watersheds, we work to promote an atmosphere of respectful, innovative, and creative communication.

Located at the Maryland Sea Grant Program, the Environmental Finance Center (EFC) draws from a wide range of expertise including scientists, planners, engineers, citizen advocates,

environmental consultants, business professionals and local government representatives. We use such tools as charrettes and roundtable discussions, workshops and conference sessions, one-on-one consultation and technical assistance, facilitation and community outreach, and training and education. The EFC at the University of Maryland works primarily in the Mid-Atlantic region including the states of Maryland, Pennsylvania, Virginia, West Virginia and Delaware. We also work with communities outside of our region, when invited.

During the year 2002, the EFC engaged in a number of new and ongoing initiatives in areas such as watershed protection through the development of financial plans to implement watershed action strategies, source water protection, and sound financial management through affordable and equitable utility rate systems and capital improvements planning.



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## ACCOMPLISHMENTS

### TECHNICAL ASSISTANCE

#### Cacapon and Lost Rivers Land Trust, West Virginia

Rural Hampshire County, West Virginia, with a population of about 15,000, is experiencing growth pressure from the Washington D.C. and Northern Virginia areas. The EFC has been providing technical assistance to the Cacapon and Lost Rivers Land Trust (CLRLT).

In the spring of 2002, the EFC participated in a watershed planning retreat called Healing Waters, the goal of which was to provide expert advice on how best to protect the Cacapon River watershed in West Virginia. More than 25 experts representing a broad spectrum of organizations from throughout the Chesapeake Bay watershed attended the retreat. The Environmental Finance Center provided assistance in several areas, including developing the workshop agenda, and identifying and inviting experts in watershed management and land trust activities. In addition, the EFC Coordinator gave a presentation on funding strategies for local land trusts. The EFC partnered with several other organizations on this project, including Canaan Valley Institute and the National Park Service Rivers, Trails, and Conservation Program. Since the spring, the EFC has continued to provide technical assistance to the CLRLT in order to help them achieve the goals set forth in the workshop.

#### Maryland Department of Natural Resources Watershed Restoration Action Strategies

The 1998 Clean Water Action Plan proposed an expanded collaboration between federal, state and local government to protect and restore degraded watersheds. Under this initiative, Maryland

developed a Unified Watershed Assessment, which evaluated the conditions of the state's watersheds and prioritized restoration goals based on this assessment. The State developed Watershed Restoration Action Strategies on a tributary basin level to focus watershed restoration and protection activities. During the spring of 2000 the Maryland Department of Natural Resources joined in partnerships with local counties to develop Watershed Restoration Action Strategies (WRASs) at the eight-digit level. These strategies are designed to restore and protect selected priority waters within the Chesapeake Bay and coastal bays watersheds.

In the coming years, implementation of the strategies' recommended actions will begin, and new WRASs will be developed and implemented. A key question remains: how to pay for the actions recommended in each WRAS?

During December 2001, the Maryland Department of Natural Resources (DNR) approached the EFC about conducting a series of five workshops on financing watershed restoration action strategies. The EFC's *Financing Watershed Strategies* workshop has been customized to respond to the needs of each individual WRAS to assist each local jurisdiction in developing an individualized financing plan. The EFC Assistant Coordinator worked closely with each community to help finalize the format and topic for their workshop, as well as to identify the individuals and agencies that would be appropriate panelists. Three of the five workshops were held during this last year.

The workshop for the Georges Creek WRAS was held on November 20<sup>th</sup> in Allegany County, MD. In attendance were members of local watershed groups, County Commissioners, county staff, and representatives from MDE, DNR, NRCS, and the NPS. The workshop focused on financing solutions for problems identified in

Jackson Run, located in the middle region of Georges Creek.

Kent County decided to address the Middle Chester River WRAS through a series of public forums held in the fall. They chose to focus specifically on Urville Lake, a particularly degraded recreational lake in the watershed. During the first forum the WRAS was discussed with stakeholder groups from the lake community. The second forum was devoted to a watershed-financing workshop for the WRAS based on issues identified at the first meeting.

The EFC held the workshop for the Manokin River WRAS in Somerset County on December 10<sup>th</sup>. Representatives from the University of Maryland Eastern Shore, USDA, NRCS, and the local community were present. The workshop focused on BMP's such as buffers, erosion control, and included an in depth discussion about how a watershed group might be able to help the county reach some of its restoration and protection goals and how such a group might get started there.

#### Potomac Watershed Roundtable Workshop

The EFC was asked to participate in a regional watershed workshop focusing on the Potomac River Basin. Sponsored by The Wilderness Society, the workshop brought together watershed groups from throughout the watershed with the goal of developing partnership and strategies for protecting open-spaces throughout the region. Since the workshop, the Environmental Finance Center has been participating on the Implementation Team to assist on issues related to capacity development and financing open space and watershed protection.

#### Patuxent Land Trust Exchange

The Environmental Finance Center, in partnership with the Maryland Environmental Trust and the Trust for Public Land Chesapeake Field Office, conducted the first annual Patuxent Land Trust Exchange. The Patuxent River is the largest intrastate river in the State of Maryland. Land trusts and conservation groups provide a vital resource to communities throughout the Patuxent watershed, helping landowners protect their land in the face of ever-increasing development pressures. However, community-based land trusts face a number of challenges as they work to protect the Patuxent River and its watershed, such as: conservation strategy planning and implementation; coordination among the parties involved; financial and staffing constraints; marshaling of citizen and government support; and operating effectively as political actors at the local and state level. By convening the Patuxent Land Trust Exchange, our goal was to provide local conservation groups an opportunity to discuss common issues and concerns, and to identify some of the resources that can be leveraged to meet land protection goals. By strengthening the capacity of land trusts, a more coordinated land protection strategy in the Patuxent River watershed can develop.

More than 20 people attended the Exchange from 10 community conservation organizations. A number of next steps were identified including developing joint marketing strategies, list serves, and special events. In addition, the EFC will be working with many of the groups on issues such as organizational funding and capacity development. A follow-up meeting has been set for March 2003. In the interim, the Assistant Coordinator met with University of Maryland web designers to put a map of the Patuxent river watershed on the EFC website. Currently, the map has information about

a mock land trust in order to show Exchange participants what the final product will look like. Ultimately, the website will show where individual land trusts work, gaps in land trust activity in the watershed, and information about the activities of the different land trusts.

#### Maryland Department of the Environment Capacity Development Steering Committee

The EFC Training Manager participated in the Maryland Department of the Environment Capacity Development Steering Committee along with representatives of a number of other organizations. This committee was formed by MDE to advise on various measures of Maryland's Capacity Development Program for existing systems, specifically the compilation and review of a base line survey. The committee met again in June to go over the responses to the initial survey and to discuss potential training responses to the survey's results. The Capacity Development self-evaluation surveys had a more than 80% response rate from the Community Water Systems in the state. It was agreed that the participating groups will continue to meet periodically to discuss possibilities for cooperative training efforts and to discuss ways to avoid duplication of efforts and overlap. MDE is producing a training calendar showing the upcoming training events for each of the participating organizations to be issued to all community systems in the state. MDE hopes to issue that calendar at least twice per year.

#### Frostburg, Maryland

After several weeks' work and many consultations with City staff, the Training Manager presented findings at the regular Council Meeting on March 21 and fielded questions from the Council and the audience. Specifically, the study

dealt with a revision of the out of town, wholesale rates that the city charges the county for a number of small systems outside its boundaries. There are currently as many different rates as there are communities—about 16 different ones. The Town Manager presented a copy of the EFC presentation and the summary spreadsheets to Allegany county representatives the next day and mailed a copy to the USDA's Rural Utilities Service (RUS) regional office.

A meeting was held on July 24 to present rate study results to new commissioners and county representatives, along with people from Maryland Department of the Environment and RUS again. Both MDE and RUS have contributed money to the establishment of those systems. Another Public Hearing on water rates was held in December where the Mayor and Council voted to use one of the rate scenarios presented by the EFC as a starting point for further negotiations with the County for wholesale rates.

#### Technical Assistance for Utility Rate-Setting and Utility Financial Management

In our continuing effort to serve the smaller communities in our region, the EFC Training Manager is contacted from time to time by communities seeking assistance in evaluating rate structures supporting water and sewer utilities. Over the past year, the EFC has provided technical assistance and analysis in such areas as conservation pricing for water rates, budget impacts of different utility system loan amounts, and uniform rate structures for multi-system regional utilities. Partners have included the Maryland Rural Development Corporation and both Southeastern and Northern RCAP programs. Communities assisted include:

- Port Deposit, MD/Bainbridge Development Corp.

- Cape Charles, Virginia
- Havre de Grace, Maryland
- Federalsburg, Maryland
- Elkton, Maryland
- Accident, Maryland
- Morgantown, WV Utility Board
- North East, Maryland
- Bath County PSA, Virginia

## TRAINING WORKSHOPS

### Capital Improvements Planning Training Session

Utility rates offer a primary mechanism for capturing most of the costs of operating and maintaining water and waste water systems and can ensure that they are self-supporting. Good financial management and sustainability for water and wastewater systems usually entails good long range planning, especially Capital Improvements Planning (CIP).

The EFC offers rate design workshops, financial management and CIP training to elected officials, utility operators, engineers and others interested in the concepts and technicalities of properly and sustainably managed utility systems. A version of the EFC Capital Improvements Planning training session has been chosen by the Maryland Academy for Excellence in Local Government as an elective in its two-year curriculum. The initial session, presented at the June 25 Maryland Municipal League Convention in Ocean City, Maryland was attended by about 75-80 people. As an Academy elective, the session will be in a regular rotation of elective subjects so that it will be offered every 2-3 years at the Convention or elsewhere.

### Rate Setting For Water Systems Satellite Workshop

The EFC Training Manager partnered with the Penn State Harrisburg Environmental Training Center and the Small Public Water Systems Technology Assistance Center (SPWSTAC) to offer the first Rate Setting for Water Systems Satellite Workshop. The overall objective of this live satellite teleconference was to provide viewers with general rate setting skills and methodology, whether their present rate structure is based on metered or flat charges. The Workshop included both lecture and panel discussions.

The satellite teleconference was designed to provide participants with answers to pressing problems dealing with rate setting. In addition, the participants were able to submit questions by phone, fax or email during the broadcast and have one of our experts help find solutions to the question.

The broadcast originated at a Public TV station in Harrisburg, PA and was set up by SPWSTAC at PSU-Harrisburg. The downlink sites were distributed to five sites in Pennsylvania, three in West Virginia, and one in Delaware.

### Capital Improvements Satellite Training Session

Following the successful satellite teleconference session in June, the EFC Training Manager collaborated with the SPWSTAC at Penn State Harrisburg for a second session in December on Capital Improvements Planning, again broadcast from the PBS station in Harrisburg. Using the same format in a two hour time frame, the Training Manager presented two separate 40 minute segments followed by discussion of CIP issues by the panelists, this time with the Training Manager acting as moderator. There were nine downlink sites for this session, an increase of four over the previous session, in spite of bad weather that had most Penn State campuses closed for the day. Downlink sites participated from Delaware,

Maryland, Nevada, Pennsylvania, and West Virginia .

#### National Environmental Training Center for Small Communities (NETCSC) Institute

The EFC Training Manager was one of only five NETCSC Associates designated this year. She will be asked to review and comment on future articles and activities planned by NETCSC and its related organizations.

Between August 5-9, the EFC Training Manager presented four sessions at the NETCSC institute:

- “Local Officials’ Responsibilities for Providing Drinking Water” – 3.5 hours
- “Financial Management for Small Water Systems” – 8 hours
- “Rate Setting and Cost Recovery for Water Systems” – 4 hours
- “Capital Improvements Planning” – 4 hours

Additionally, she attended a training session called “GASB 34 for Trainers”.

#### Rate Setting and Cost Recovery

The EFC Training Manager also held the following training sessions throughout Region 3:

- January 24-25, Charleston WV: Two 1.5 hour sessions – “Capital Improvements Planning”
- March 13, Georgetown, DE: One 4 hour session – “Capital Improvements Planning”
- March 20, New Kensington, PA: One 4 hour session on “Rate Design and Cost Recovery”
- April 3, Georgetown, DE: One 8 hour session – “Rate Design and Cost Recovery”

- April 16, Hershey, PA: One 2 hour session - “Local Officials’ Responsibilities for Providing Drinking Water”
- May 17, Frostburg, MD: One hour session on “Rate Design and Cost Recovery”
- May 20 – 23, Emporia, Bedford and Ashland, VA: Three 4 hour sessions–“Capital Improvements Planning”
- June 4 – 5, Leesburg and Purcellville, VA: Two four hour sessions–“Capital Improvements Planning”
- June 25, Ocean City, MD: One 2 hour session – “Capital Improvements Planning”
- August 14, Cecil County, MD: One 4 hour session – “Rate Design and Cost Recovery”
- September 19, Georgetown, DE: One 8 hour session – “Rate Design and Cost Recovery”
- October 11, Georgetown, DE: One four hour session – “Capital Improvements Planning”

#### NEW INITIATIVES FOR 2003

The Maryland EFC is working with the Region 10 EFC at Boise State University and the University of Wisconsin to develop an interactive watershed financing database. The Maryland EFC will continue delivering training and information on watershed-based financing, with a focus on the Potomac and Patuxent River watersheds. Additionally the EFC is investigating new and innovative uses of funding sources and emerging markets such as nutrient trading and carbon sequestration. The Training Manager will continue to work with communities through out the region to assist with capacity development and rate setting.

#### EFC NETWORK COLLABORATIONS

##### Source Water Protection Initiative

In coordination with USEPA's Office of Ground Water and Drinking Water, the Environmental Finance Center Network (EFCN) is working with local communities to assist them in developing drinking source water protection plans. Four EFCs are collaborating on the project, led by the University of New Mexico EFC, and including the EFC at the University of North Carolina, Boise State University and the University of Maryland.

The Maryland EFC is working in two communities:

#### Frederick County, Maryland

Lake Linganore is located in southern Frederick County, Maryland, about 40 miles north of Washington, D.C. Recent and rapid population increases have placed increased demands on the area's natural resources, including drinking water. Both Frederick County and Frederick City rely on Lake Linganore and Linganore Creek as a drinking water source.

The Linganore Source Water Task Force began its work in September 2001. Task force representatives include Frederick County, Frederick City, citizens' associations, regional non-profits, farmers, NRCS, local landowners, and consulting agencies. The EFC Assistant Coordinator organizes and facilitates the monthly meetings, working through the perceived and sometimes real conflicts between stakeholders in an effort to begin the process of developing a protection plan for the watershed.

One of the most pressing needs of the group is to develop GIS capabilities to better identify protection and land use issues within the source water area. The EFC engaged a group of state GIS technical experts to help develop relevant mapping products and deliverables for the Task Force. The Assistant Coordinator convened a GIS subcommittee to begin the process of producing the necessary maps. She was able to obtain a letter of

support from the Frederick County Board of County Commissioners in order to facilitate data sharing among the City of Frederick, Frederick County and the State of Maryland, so Frederick County is completing the necessary maps and GIS analysis in-house, saving both time and money.

The Lake Linganore Source Water Protection Taskforce continues to meet monthly. Significant progress has been made towards compiling the information needed to complete the plan. The goal of the group is to complete the document by July 2003.

#### Berkeley County, WV

Berkeley County, 325 square miles, is located in the eastern panhandle of West Virginia, about 65 miles northwest of Washington, D.C. Many people who work in the Washington/Baltimore region are relocating to this area, and the county is experiencing rapid population growth.

At the invitation of the EFC, and in partnership with the West Virginia Department of Health and Human Services (WVDHHS), a task force has been formed to develop a plan to protect the region's drinking water resources for current and future generations. The task force's 15 members include representatives from Berkeley County, the City of Martinsburg, the Federal Government (USGS), State Government (WVDHHS), Berkeley County drinking water systems, and non-governmental organizations such as the Canaan Valley Institute, a recognized expert in GIS mapping. The EFC Assistant Coordinator has been organizing and facilitating the meetings, suggesting appropriate expert testimony when needed.

The Phase I Committee met until May 2002 at which point Phase II of the project began. The first full task force meeting was held on the evening of June 13, 2002. More than 50 citizens representing a broad spectrum of stakeholder groups attended.

The meeting introduced participants to the source water protection process, outlined the task force goals and expectations, explained the issues related to drinking water in the Berkeley County region, explained the role of subcommittees, and developed a time line for completion of the source water protection plan. The meeting was facilitated by the Canaan Valley Institute in partnership with the Environmental Finance Center. More than 30 participants agreed to join subcommittee groups, which were temporarily facilitated by members of the Phase I Committee but have since been taken over by local subcommittee members.

Subcommittees have continued to meet regularly and participation levels have remained high. A number of outside experts have been called upon to provide information and other resources to the group. The Task Force was also awarded the 2002 West Virginia Source Water Protection Award, by the Mid-Atlantic Regional Office (Region III) of the U.S. Environmental Protection Agency. This award recognizes and encourages leadership, innovation and dedication to source water protection.

## PRESENTATIONS - CONFERENCES – MEETINGS

The Coordinator spoke on behalf of the EFC at the following conferences and meetings:

- National Conservation Training Center watershed workshop-June 5
- EPA brownfields conference, Baltimore, MD - June 6
- An invasive Species workshop sponsored by University of Maryland Sea Grant.
- The River Rally in Asheville, Tennessee on May 17 –20.

The Assistant Coordinator attended meetings at the Maryland DNR to provide information to

prospective WRAS recipients. She also attended a three-day Chesapeake Bay Restoration Conference in Baltimore, MD. The conference was attended by hundreds of people involved in watershed restoration and protection in the region.

## COMMUNICATIONS

### “On Tap” Article

The National Drinking Water Clearinghouse publication *On Tap* featured citizen involvement and public participation in its Spring 2002 issue. One of its articles featured a number of quotes from the EFC Training Manager, who was asked to review the article before publication. While it doesn't relate solely to environmental issues, the article does offer exposure for the EFC in a national publication. As a NETCSC Associate, the Training Manager will be asked periodically to review and comment on future articles and activities planned by NETCSC and its related organizations.

### The World Wide Web

The Maryland Environmental Finance Center has begun a major focus to improve the way it communicates with communities in the region. One of the strengths of the Center over the years has been its ability to communicate often-complex environmental and financial issues to leaders and citizens from all backgrounds. Our goal is to continue to build on this strength by leveraging World Wide Web (WWW) technologies to inform and educate environmental leaders.

During the past year, the EFC launched its restructured web site (<http://www.efc.umd.edu/>). The site is the first step in developing what will be a portal for environmental finance information and



issues. The site will also be a training tool for community and municipal leaders in the region.

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